

IRS News Release

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Six-Month Automatic Extensions Available to Most Taxpayers in 2006

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WASHINGTON — Taxpayers will be able to request an automatic, six-month tax-filing extension for most common individual and business returns under regulations released today by the Treasury Department and the Internal Revenue Service.

The new regulations provide streamlined and simplified procedures that are expected to save taxpayers between \$73 million and \$94 million, annually, by eliminating or consolidating several existing IRS forms. As a result, Beginning Jan. 1, 2006, most individuals and businesses will be able to request a full six-month tax-filing extension, without a reason or even a signature.

The new procedures will replace the existing two-step process under which noncorporate taxpayers could only get a six-month extension by first obtaining an extension, usually automatic, for part of that period and then requesting a discretionary extension for the remainder. A tax-filing extension does not extend the tax-payment deadline.

“Some taxpayers need a full six months for extensions as the law provides. This change simplifies the process so they can make the request just once, not twice,” said IRS Commissioner Mark W. Everson.

Beginning with 2005 returns due in 2006, individuals will be able to use a single IRS form (Form 4868) to get an automatic six-month extension of time to file. This will replace the existing two-step process under which an automatic extension was only allowed for four months, generally until Aug. 15. If more time was needed, a taxpayer had to explain why, using a second extension request form (Form 2688). About 6% of individual taxpayers request the initial four-month extension, and about a third of those go on to request a second extension, usually for two months until October 15. Form 2688 will be eliminated.

Extension procedures will also be streamlined for business taxpayers, thus eliminating three existing forms. Under existing procedures, only corporations can request an automatic six-month tax-filing extension. The new regulations will also make this option available to most noncorporate business taxpayers, including partnerships and trusts.

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Accordingly, starting Jan. 1, all eligible business taxpayers will use Form 7004 to request an automatic six-month extension of time to file. In the past, eligible noncorporate business taxpayers had to request an initial three-month extension and, if more time was needed, then request another three months.

Treasury Decision 9229 is available on the IRS Web site, IRS.gov, and will be published in the Federal Register on Nov. 7, 2005.